

**Statement of the
State Association of Mutual Insurance Companies of Nebraska
Before the Nebraska Legislature
Banking, Commerce and Insurance Committee
Opposing LB 92**

February 25, 2013

The State Association of Mutual Insurance Companies of Nebraska represents Nebraska's assessment associations, more commonly known as farm mutual insurance companies. Our members have served the insurance needs of Nebraska rural communities and agricultural economy for over 100 years.

We believe that the use of credit scores is a valuable underwriting tool that allows us to better evaluate and price risk. The current state law that regulates credit scores has served Nebraskans well. It provides balance, allowing the appropriate, beneficial use of credit scoring in underwriting while prohibiting consideration of inappropriate uses, such as scores affected by medical bills.

Banning the use of credit scores will not benefit consumers, particularly those in areas that do not have the same access to coverage as other areas. The net result of this bill will be less availability of coverage and greater costs to the consumer.

For this reason, Nebraska's farm mutual insurers urge the committee to reject LB 92.

Ron Hilliges
Executive Director

**Statement of the
National Association of Mutual Insurance Companies (NAMIC)
Before the Nebraska Legislature
Banking, Commerce and Insurance Committee
Opposing LB 176**

February 10, 2009

Founded in 1895, NAMIC is a full service national trade association with more than 1,400 member companies that underwrite over 40% of the property/casualty insurance premium in the United States. In Nebraska, we have 142 member companies, including 22 domiciled companies, which underwrite 62% of the state's homeowner business and 57% of its automobile coverage.

NAMIC believes that credit-based insurance scoring provides an objective and consistent tool that insurers use, in combination with other factors, to better predict the likelihood and cost of future claims. Actuarial studies have consistently demonstrated a strong relationship between an individual's insurance score and incurred losses. In addition, studies have established that the value of the information insurers obtain from using insurance scores cannot be found by using other rating factors.

Consumers benefit from insurance scores. The use of credit-based insurance scores enables insurers to offer coverage to more consumers at a fair price, and helps streamline operations. As a study conducted by the Arkansas Department of Insurance finds, banning credit scoring would increase the cost of insurance for an average of three times as many consumers as those for whom it would reduce rates.

A copy of the Arkansas study is attached.

Mark Johnston
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